

BELLINGHAM SCHOOL DISTRICT No. 501
Whatcom County, Washington
September 1, 1992 Through August 31, 1993

Schedule Of Findings

1. Internal Controls Over Deposits Of Receipts Need Improvement

During our audit of Bellingham School District's records, we noted the following internal control weaknesses over Bellingham High School receipts:

- a. Money collected was not deposited in a timely manner.
- b. Money collected was not deposited intact.

RCW 43.09.200 states in part:

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction. . . .

In addition, the Washington State Constitution, Article XI, Section 15, states in part:

All moneys, assessments and taxes belonging to or collected for the use of any county, city, town or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depository. . . . (Emphasis ours.)

Adequate internal control procedures for cash receipting and depositing were in place but controls were circumvented. Deposits were not made promptly due to time constraints. Deposits were not made intact for the following reasons:

- a. Money collected for Associated Student Body (ASB) fund and district fund purposes were commingled when received and deposited. As a result, the cash and check composition noted on receipts did not correspond to that of the deposits.
- b. ASB cash on hand was utilized to cash checks which the school library had received for payment of fines.
- c. Cash was given back for checks which were written for an amount over the amount of the receipt.

Poor internal controls result in decreased accountability over cash receipts and an increased risk that errors and irregularities may occur and not be detected in a timely manner, if at all. Furthermore, the State Auditor's Office finds that inadequate records

cause an increase in audit time and costs in order to determine accountability of funds.

We recommend the district improve its receipting system by implementing the following internal controls at the high school:

- a. Make timely deposits.
- b. Make deposits intact.